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2004 Regular Session 4lr3045 CF HB 1001

By: Senator Klausmeier							
ntroduced and read first time: February 13, 2004							
Assigned to: Rules							
Re-referred to: Finance, February 18, 2004							
Committee Report: Favorable with amendments							
enate action: Adopted							
lead second time: April 1, 2004							
CHAPTER							
CIMI IER							
1 AN ACT concerning							
2 Continuing Care Facilities - Internal Grievance Procedure							
3 FOR the purpose of requiring a provider of continuing care to include in a certain 4 disclosure statement a description of the facility's internal grievance procedure; 5 requiring a provider of continuing care to establish a certain internal grievance 6 procedure; providing for the components of the internal grievance procedure; 7 requiring certain continuing care agreements to state that there is an internal 8 grievance procedure to investigate subscriber grievances; and generally relating 9 to an internal grievance procedure for continuing care facilities.							
10 BY repealing and reenacting, with amendments, 11 Article 70B - Department of Aging 12 Section 11C and 13 13 Annotated Code of Maryland 14 (2003 Replacement Volume)							
15 BY adding to 16 Article 70B - Department of Aging 17 Section 11G 18 Annotated Code of Maryland 19 (2003 Replacement Volume)							

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 21 MARYLAND, That the Laws of Maryland read as follows:

2 **SENATE BILL 785** 1 Article 70B - Department of Aging 2 11C. 3 (a) The provider shall furnish without cost to all prospective subscribers, (1) 4 before payment of any part of the entrance fee or, if earlier, the execution of a continuing care agreement, and annually to all subscribers on request, a disclosure 6 statement for each facility of the provider holding a preliminary certificate of 7 registration or a certificate of registration. The provider shall submit its initial disclosure statement to the 8 9 Department for review at least 45 days before distributing the statement to any 10 prospective subscribers. 11 (b) (1) The provider shall revise the disclosure statement annually and file 12 the disclosure statement with the Department within 120 days after the end of the 13 provider's fiscal year. 14 The Department shall review the disclosure statement solely to (2) 15 ensure compliance with this section. The disclosure statement shall include: 16 (c) 17 The name, address, and description of the facility and the name and 18 address of any parent or subsidiary person; 19 (2)The organizational structure and management of the provider, 20 including: If the provider is a corporation or limited liability company, the 21 22 name of the corporation or limited liability company, the state in which the 23 corporation is incorporated or the limited liability company is formed, and the name 24 of the chief executive officer; 25 If the provider is a partnership, the names of the general 26 partners, the state governing the formation of the partnership, and the name of the primary individual responsible for managing the partnership; 28 If the provider is an unincorporated association, the names of (iii) 29 the members, the state governing the association's activities, and the name of the 30 primary individual responsible for managing the association;

32 liability company as one or more of its general partners, the name of the corporation 33 or limited liability company, the state in which the corporation is incorporated or the 34 limited liability company is formed, and the name of the chief executive officer;

36 the owners of the beneficial interests in the trust, the state governing the trust, and

If the provider is a partnership having a corporation or limited

If the provider is a trust, the name of the trustee, the names of

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(iv)

(v)

1 the name of the primary individual responsible for overseeing the trust's activities; 2 and 3 (vi) A statement regarding whether the provider is qualified, or 4 intends to qualify, as a tax-exempt organization under the Internal Revenue Code; A statement regarding any affiliation of the provider with a religious, 6 charitable, or other nonprofit organization, and the extent to which the organization 7 is responsible for the financial and contractual obligations of the provider; A description of all basic fees, including entrance fees, fees for health 8 9 related services, and periodic fees, collected by the provider from subscribers, setting 10 forth the amount and frequency of the fee changes during each of the previous 5 years. If the facility has been in operation less than 5 years, then the description shall 12 be for each year that it has been in operation; 13 (5) A statement describing provisions that have been or will be made to 14 comply with the operating reserve requirements as described in § 11B of this subtitle, 15 and a general statement regarding the provider's investment policy related to the 16 required reserves, including how often the reserve fund investment is reviewed and 17 by whom; 18 A copy of the most recent certified financial statement obtainable (6)19 under generally accepted accounting principles; 20 (7) A description of the long-term financing for the facility; 21 If the facility has not reached 85% occupancy of independent living (8) 22 units, a summary of the feasibility study; 23 (9) A cash flow forecast statement for the current and the next 2 fiscal 24 years; 25 The names and occupations of the officers, directors, trustees, (10)26 managing or general partners, and any other persons with a 10% or greater equity or beneficial interest in the provider, and a description of the financial interest in or occupation with the provider; 29 The name and address of any professional service firm, association, (11)30 trust, partnership, company, or corporation in which a person identified in item (10) 31 of this subsection has a 10% or greater financial interest and which is anticipated to 32 provide goods, premises, or services to the facility or provider of a value of \$10,000 or 33 more within any fiscal year, including a description of the goods, premises, or services 34 and their anticipated cost to the facility or provider. However, the disclosure of salary, 35 wage, or benefit information of employees of the provider is not required; The name of the proposed manager or management company if the 36 (12)37 facility is or will be managed on a day-to-day basis by a person other than an 38 individual directly employed by the provider, and a description of the business

40 under § 15 of this subtitle;

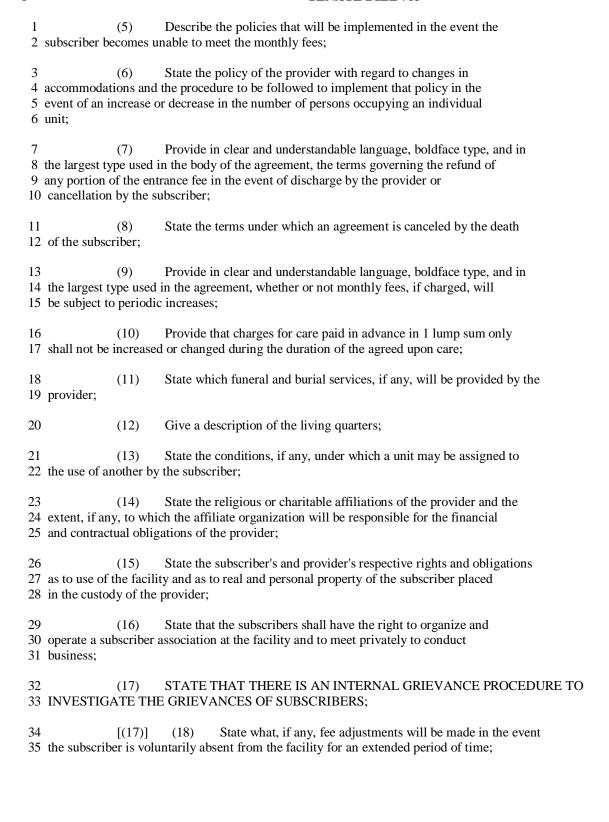
SENATE BILL 785

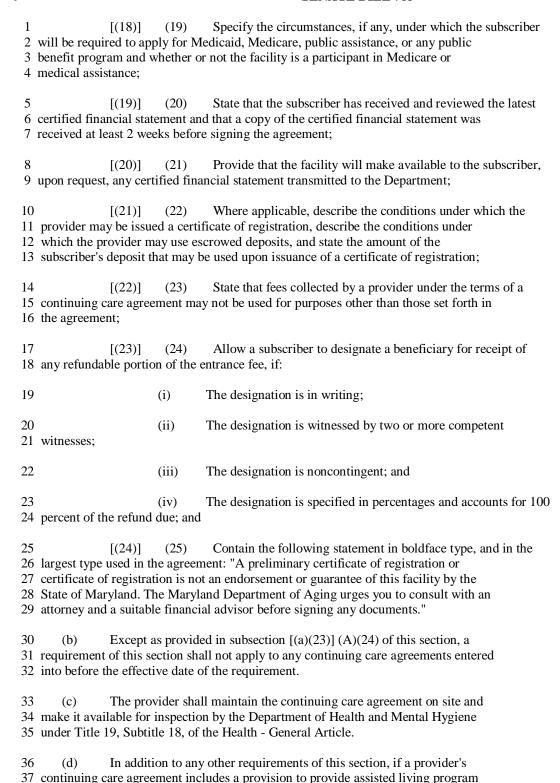
1 experience, if any, of the manager or company in the operation or management of 2 similar facilities; (13)A description of any matter in which an individual identified in item 4 (10) of this subsection: Has been convicted of a felony or pleaded nolo contendere to a 6 felony charge, if the felony involved fraud, embezzlement, fraudulent conversion, or 7 misappropriation of property; Has been held liable or enjoined in a civil action by final 8 9 judgment if the civil action involved fraud, embezzlement, fraudulent conversion, or 10 misappropriation as a fiduciary; or 11 (iii) Has been subject to an effective injunctive or restrictive order of 12 a court of record or, within the past 10 years, had any State or federal license or 13 permit suspended or revoked as a result of an action brought by a governmental 14 agency, arising out of or relating to business activity or health care, including actions 15 affecting a license to operate any facility or service for aging, impaired, or dependent 16 persons; 17 A description of the form of governance of the provider, including the 18 composition of the governing body, and a statement that the provider shall satisfy the requirements of § 11A of this subtitle; 20 If applicable, a description of the conditions under which the provider 21 may be issued a certificate of registration and may use escrowed deposits, and a 22 statement of the amount of the subscriber's deposit that may be used; 23 (16)A summary of the basic services provided or proposed to be provided 24 at the facility under the continuing care agreement, including the extent to which 25 health related services are furnished, that clearly states which services are indicated 26 in the agreement as included in the basic fee or fees and which services are or will be 27 made available at or by the facility at an extra charge; 28 A statement that the provider shall amend its disclosure statement if, (17)29 at any time, in the opinion of the provider or the Department, an amendment is 30 necessary to prevent the disclosure statement from containing any material 31 misstatement of fact required by this section to be stated in the disclosure statement 32 or omission of a material fact required by this section to be stated in the disclosure 33 statement; 34 A description of any activity involving a renovation or an expansion, (18)35 whether or not subject to Department review, during the preceding fiscal year or 36 proposed for the current fiscal year; 37 A statement if it is the provider's policy to impose a surcharge on 38 some, but not all, subscribers because of some condition or circumstance and that the 39 surcharge will not be considered part of the entrance fee in the statutory refund

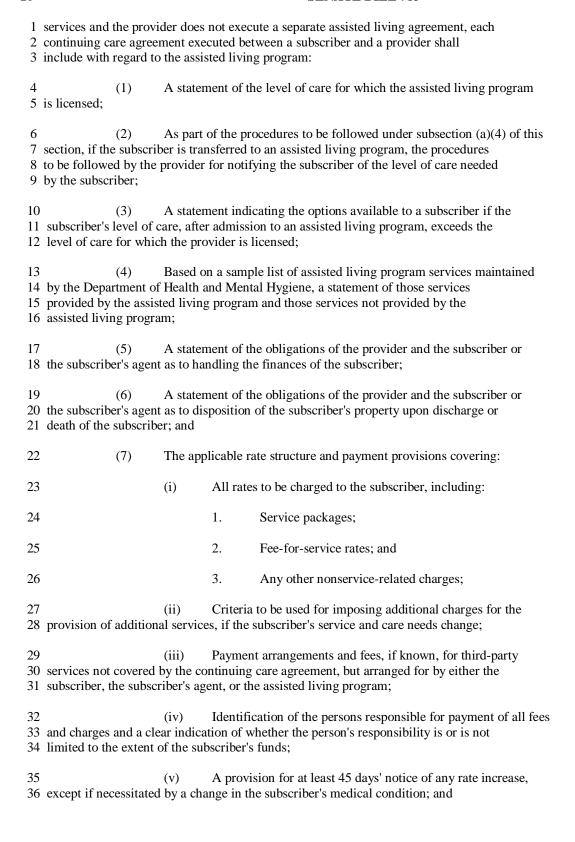
1 2	(20) A description of the existence and role of the resident association; [and]	
3 4	(21) A DESCRIPTION OF THE INTERNAL GRIEVANCE PROCEDURE; AND INCLUDING:	
5 6	(I) THE OPPORTUNITY FOR A SUBSCRIBER TO SUBMIT A WRITTEN GRIEVANCE IN ANY FORM TO THE PROVIDER;	
7 8	(II) PROMPT INVESTIGATION OF A SUBSCRIBER'S GRIEVANCE AND A HEARING IN NECESSARY SITUATIONS;	
	(III) THE MANNER IN WHICH THE CAUSE OF A GRIEVANCE WILL BE OR ATTEMPT TO BE ALLEVIATED OR REMEDIED DURING AN INVESTIGATION OF A GRIEVANCE;	
	(IV) THE REQUIRED PARTICIPATION OF ONE OR MORE INDIVIDUALS AUTHORIZED BY THE PROVIDER TO TAKE CORRECTIVE ACTION TO REMEDY THE CAUSE OF A GRIEVANCE;	
	(V) THE RIGHT OF THE SUBSCRIBER WHO SUBMITTED THE GRIEVANCE AND OF OTHER SUBSCRIBERS ON BEHALF OF THE AGGRIEVED SUBSCRIBER TO PARTICIPATE IN THE GRIEVANCE PROCEDURE;	
	(VI) THE RIGHT OF A SUBSCRIBER WHO SUBMITTED A GRIEVANCE TO BE NOTIFIED OF THE DISPOSITION OF THE SUBSCRIBER'S GRIEVANCE AND ANY CORRECTIVE ACTION TAKEN; AND	
21 22	(VII) THE RIGHT OF SUBSCRIBERS TO ESTABLISH AND PARTICIPATE ON A SUBSCRIBER GRIEVANCE PANEL THAT:	
23	1. IS COMPOSED OF SUBSCRIBERS ONLY;	
	2. PRESENTS GRIEVANCES TO THE PROVIDER, FACILITY MANAGERS, ADMINISTRATORS, OR STAFF, PUBLIC OFFICIALS, AND ANY OTHER INDIVIDUALS ON BEHALF OF A SUBSCRIBER; AND	
_	3. WORKS WITH THE PROVIDER, FACILITY MANAGERS, ADMINISTRATORS, AND STAFF OR ANY OTHER INDIVIDUALS WITHIN OR OUTSIDE THE FACILITY TO IMPROVE THE QUALITY OF CARE FOR SUBSCRIBERS; AND	
30 31	[(21)] (22) Such other material information concerning the facility or the provider as the Department requires or that the provider wishes to include.	
34 35 36	(d) The disclosure statement shall contain a cover page that states, in a prominent location and type face, the date of the disclosure statement and that the issuance of a certificate of registration does not constitute approval, recommendation, or endorsement of the facility by the Department, nor is it evidence of, or does it attest to, the accuracy or completeness of the information set out in the disclosure statement.	

1	(e)	Any ame	ended dis	closure s	tatement:
2					h the Department at the same time that it is ve subscriber; and
4	((2)	Is subjec	t to all th	ne requirements of this subtitle.
7	continuing car services and the	re agreer he provid	nent includer does	udes a pr	other requirements of this section, if a provider's ovision to provide assisted living program are a separate assisted living agreement, the regard to the assisted living program:
9 10	provider oper	rates;	(i)	The nam	e and address and a description of each facility that the
11 12	providers or s	services	(ii) if the rela		nent regarding the relationship of the provider to other affects the care of the resident;
	provided by t				ption of any special programming, staffing, and training s with particular needs or conditions such as
16			(iv)	Notice o	f:
17				1.	The availability of locks for storage;
18				2.	The availability of locks, if any, for the subscriber's room
19 20	implement to	protect	the subsc	3. riber and	The security procedures which the provider shall the subscriber's property; and
21				4.	The provider's right, if any, to enter a subscriber's room;
22 23	the subscribe	r's agent	(v) as to:	A statem	nent of the obligations of the provider, the subscriber, or
24				1.	Arranging for or overseeing medical care;
25				2.	Monitoring the health status of the subscriber;
26 27	supplies; and			3.	Purchasing or renting essential or desired equipment and
28 29	equipment;			4.	Ascertaining the cost of and purchasing durable medical
30 31	grievance pro	ocedure;	(vi) and	An expla	anation of the assisted living program's complaint or
32			(vii)	Notice o	f any material changes in the assisted living program.

1	(2	2)	The provider shall:
2	the disclosure		Furnish annually without cost to each subscriber revisions to the provisions under paragraph (1) of this subsection;
4 5	the revised disc		Ensure that each subscriber, or the subscriber's agent, initials statement to indicate acknowledgment of the revisions; and
	inspection by the 18, of the Heal	he Depa	(iii) Make available a copy of each initialed disclosure statement for rtment of Health and Mental Hygiene under Title 19, Subtitle eral Article.
9	<u>11G.</u>		
10 11			IDER SHALL ESTABLISH AN INTERNAL GRIEVANCE PROCEDURE TO RIBER'S GRIEVANCE.
12	<u>(B)</u> <u>A</u>	AN INTI	ERNAL GRIEVANCE PROCEDURE SHALL PROVIDE FOR:
13 14	<u>~</u>		THE OPPORTUNITY FOR A SUBSCRIBER TO SUBMIT A WRITTEN E PROVIDER; AND
	<u>-</u>	TTEN (A RESPONSE FROM THE PROVIDER WITHIN 45 DAYS AFTER RECEIPT GRIEVANCE AS TO THE INVESTIGATION AND RESOLUTION OF THE EVANCE.
18	13.		
	effectuate the	purpose	on to such other provisions as may be considered proper to of any continuing care agreement, each agreement executed and a provider shall, in a form acceptable to the Department:
24	care including	the valu	Show the total consideration paid by the subscriber for continuing are of all property transferred, donations, entrance fees, or fees, and any other fees paid or payable by or on behalf of a
28	or other health subscriber, inc	related	Specify all services such as food, shelter, medical care, nursing care, services, which are to be provided by the provider to each n detail all items which each subscriber will receive, whether ded for a designated time period or for life;
30 31	plans;	3)	Designate the classes of subscribers according to types of payment
34 35	provider temp the facility or accommodation	orarily of transfers ons shall	Describe the procedures to be followed by the provider when the repermanently changes the subscriber's accommodation within a the subscriber to another health facility, but a subscriber's be changed only for the protection of the health or safety of the ral and economic welfare of the residents;







- 1 (vi) Fair and reasonable billing and payment policies.
 2 (e) (1) If a provider's feasibility study has been approved under § 10 of this 3 subheading, the Department shall decide whether to approve a continuing care 4 agreement within 180 days of receipt of a complete agreement.
 5 (2) If the Department takes no action within 180 days, the agreement is
- 6 deemed approved.
- 7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take 8 effect October 1, 2004.